

SECOND REGULAR SESSION

# HOUSE BILL NO. 1546

## 96TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES KIRKTON (Sponsor), OXFORD, WALTON GRAY, PACE,  
McCREERY AND McNEIL (Co-sponsors).

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D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To amend chapter 376, RSMo, by adding thereto one new section relating to health insurance premium rate reviews, with an emergency clause.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Chapter 376, RSMo, is amended by adding thereto one new section, to be known as section 376.465, to read as follows:

**376.465. 1. As used in this section and section 376.466, the following terms mean:**

**(1) "Department", the department of insurance, financial institutions and professional registration;**

**(2) "Director", the director of the department of insurance, financial institutions and professional registration;**

**(3) "Enrollee", a policyholder, subscriber, covered person, or other individual participating in a health benefit plan;**

**(4) "Health benefit plan", the same meaning as such term is defined in section 376.1350;**

**(5) "Health carrier", the same meaning as such term is defined in section 376.1350;**

**(6) "Significant increase", a rate increase exceeding the rate increases contemplated in 42 U.S.C. Section 300gg-94 and outlined in any regulations promulgated under the authority granted therein.**

**2. Beginning July 1, 2012, every health carrier issuing a health benefit plan form which is submitted for approval under section 354.105, 354.405, or 376.405 shall file with the director its premium rates and classification of risks pertaining to such form, together**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 with sufficient information to support the premium to be charged. Such premium rates,  
18 classifications of risks, and all modifications thereof shall be filed with the director no later  
19 than sixty days prior to their effective date.

20 **3. Each rate filing shall include:**

21 **(1) The product form number or numbers and approval date of the product form**  
22 **or forms to which the rate plan applies;**

23 **(2) A statement of actuarial justification; and**

24 **(3) Information sufficient to support the rate, including but not limited to:**

25 **(a) All factors that could be considered in calculating the premium to be paid for**  
26 **a health benefit plan;**

27 **(b) An appropriate explanation for each factor; and**

28 **(c) Any other information necessary to enable any other actuary who is a**  
29 **specifically qualified member of the American Academy of Actuaries to validate the rates**  
30 **and associated factors.**

31 **4. A rate filing required under this section shall be submitted by a qualified actuary**  
32 **representing the health carrier. The qualified actuary shall be a specifically qualified**  
33 **member of the American Academy of Actuaries (MAAA). The statement by the qualified**  
34 **actuary shall:**

35 **(1) Certify that to the best of the actuary's knowledge and belief, the rates are not**  
36 **excessive, inadequate, or unfairly discriminatory;**

37 **(2) State the basis for such conclusion; and**

38 **(3) Attach all documentary material considered in reaching such conclusion.**

39 **5. All premium rates for health benefit plans shall be made in accordance with the**  
40 **following provisions and due consideration shall be given to:**

41 **(1) Past and prospective loss experience;**

42 **(2) Current and projected loss ratio;**

43 **(3) Past and prospective losses;**

44 **(4) Trend projections related to utilization, and service or unit costs;**

45 **(5) Per enrollee per month allocation of current and projected premium;**

46 **(6) Three-year history of rate increases for products subject to the rate increase;**

47 **and**

48 **(7) Adequacy of contingency reserves.**

49 **6. Any risk classification, premium rates, and all modifications thereof shall not**  
50 **establish an excessive, inadequate, or unfairly discriminatory rate. No rate shall be held**  
51 **to be excessive unless such rate is unreasonably high for the insurance coverage provided.**  
52 **No rate shall be held to be inadequate unless such rate is unreasonably low for the**

53 insurance coverage provided and is insufficient to sustain projected losses and expenses.  
54 Unfair discrimination shall have the same meaning as such term is defined in paragraph  
55 (b) of subdivision (11) of section 375.936.

56 7. The director shall:

57 (1) Review the proposed rates, the information submitted in support of the  
58 proposed rates, and any supplemental information requested by the director or otherwise  
59 submitted to the director regarding the proposed rates; and

60 (2) Express an opinion as to whether the rates are excessive, inadequate, or unfairly  
61 discriminatory within thirty days from the date of the filing by the health carrier.

62 8. All rates and supplementary rate information shall, as soon as filed, be open and  
63 subject to public inspection.

64 9. The director may adopt rules to implement the provisions of section 376.465 and  
65 this section. Any rule or portion of a rule, as that term is defined in section 536.010, that  
66 is created under the authority delegated in this section shall become effective only if it  
67 complies with and is subject to all of the provisions of chapter 536 and, if applicable,  
68 section 536.028. This section, section 376.465, and chapter 536 are nonseverable and if any  
69 of the powers vested with the general assembly pursuant to chapter 536 to review, to delay  
70 the effective date, or to disapprove and annul a rule are subsequently held  
71 unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted  
72 after the effective date of this section shall be invalid and void.

Section B. Because immediate action is necessary to ensure the efficient operation of the  
2 rate review process and compliance with federal law, this act is deemed necessary for the  
3 immediate preservation of the public health, welfare, peace, and safety, and is hereby declared  
4 to be an emergency act within the meaning of the constitution, and this act shall be in full force  
5 and effect upon its passage and approval.

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